MOTION FILED
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(3)

No. 88-811

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BUSINESS COMPUTER CORPORATION, *Petitioner,*
and MICHAEL D. EATON,

VS.

U.S. ROBOTICS, INC., *Respondent.*

BUSINESS COMPUTER CORPORATION, *Petitioner,*

VS.

PROMETHEUS PRODUCTS, INC., *Respondent.*

RESPONDENT'S MOTION FOR ATTORNEYS' FEES AND COSTS

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RESPONDENT'S MOTION FOR AN AWARD OF COSTS AND FEES

The respondent, U.S. Robotics, Inc., respectfully moves this Court pursuant to Supreme Court Rule 49.2 and 28 U.S.C. §1912 to award reasonable costs and attorneys fees for opposing petitioner's frivolous appeal. As grounds for this motion, respondent states the following:

1. Respondent should be awarded its attorneys' fees and costs of opposing the Petition for Writ of Certiorari in this case. As set forth in the Brief In Opposition to the Petition, the entire appeal is frivolous, being filed solely to prolong this litigation and to obtain collateral benefits from patent licenses which remain in force until all appeals are finally decided.

2. For instance, the patent licence agreement between petitioner Business Computer Corporation and Hayes Microcomputer Products, Inc. dated September 15, 1983 provides in Article V, Section 2 as follows:

> Should the Licensed Patent be held invalid by a court . . . decision which cannot be appealed or as to which the time for appeal has expired without an appeal being taken, HAYES shall have the option to terminate this Agreement . . .

Agreement at 5 (see, Appendix).

3. Petitioner, thus, has attempted to invoke the Supreme Court's jurisdiction by filing an utterly frivolous claim that the presumption of validity should have been enhanced after the re-examination procedure. This misuse of the Court's process is the type of conduct 28 U.S.C. §1912 and Supreme Court Rule 49.2 were specifically intended to prevent. *Crumpacker* v. *Indiana Supreme Court Disciplinary Commission*, 470 U.S. 1074, 105 S.Ct. 1829 (1985) (Costs awarded under Rule 49.2 due to a frivolous claim). *See also, Talamini* v. *Allstate Insurance Company*, 470 U.S. 1067, 1072 105 S.Ct. 1824, 1827 (1985) (Burger, J., dissenting) (Frivolous claim should subject the attorney to sanctions under Rule 49.2 of the Supreme Court); *Park Avenue Investment & Development, Inc.* v. *Barkheimer, II*, 471 U.S. 1108, 105 S.Ct. 2171 (1985) (Burger, J., dissenting) (filing petition for certiorari to delay collection of a debt should subject the attorney to sanctions under Rule 49.2.)

4. Should the instant motion be granted, respondent seeks leave to file its affidavit setting forth the costs and fees necessitated by petitioner's frivolous appeal.

CONCLUSION

For the reasons set forth above, as well as those contained in Respondent's Brief in Opposition to Petition For Writ of Certiorari, respondent, U.S. Robotics, Inc., prays that the court grant the motion for costs and fees.

Respectfully submitted,

LELAND W. HUTCHINSON, JR.
Counsel of Record
SUSAN A. AARON
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11 S. LaSalle Street
Chicago, IL 60603
(312) 750-9500
Attorney for Respondent
U.S. Robotics, Inc.

December 16, 1988

CERTIFICATE OF COUNSEL

As counsel for respondent, U.S. Robotics, Inc., I hereby certify that this motion for fees and costs is presented in good faith pursuant to Rule 49.2 and 28 U.S.C. § 1912.

LELAND W. HUTCHINSON, JR.
Counsel for Respondent

(Appendix follows)

APPENDIX

AGREEMENT

THIS AGREEMENT, made and effective as of September 15, 1983, is between BUSINESS COMPUTER CORPORATION, a corporation of the State of California, having a place of business at 532 Weddell Drive, Sunnyvale, California, 94089 (hereinafter referred to as "BIZCOMP"), and HAYES MICROCOMPUTER PRODUCTS, INC., a corporation of the State of Georgia, having a place of business at 5923 Peachtree Industrial Boulevard, Norcross, Georgia, 30092 (hereinafter referred to as "HAYES").

WITNESSETH:

WHEREAS, BIZCOMP is the owner of United States Letters Patent No. 4,387,440 issued June 7, 1983, for MODEM CONTROL DEVICE CODE MULTIPLEXING;

WHEREAS, HAYES manufactures and sells products some of which embody the invention of United States Letters Patent No. 4,387,440, and desires to obtain non-exclusive license from BIZCOMP to manufacture, have made for it, use, sell, lease or otherwise dispose of such products;

WHEREAS, BIZCOMP has filed trademark application Serial No. 261,642 in the United States Patent and Trademark Office for registration of the mark "INTELLIGENT MODEM"; and

WHEREAS, HAYES has filed an opposition in the United States Patent and Trademark office opposing the grant of any registration to BIZCOMP on the basis of such application.

NOW, THEREFORE, for good and valuable consideration, the receipt of which by each party is hereby acknowledged, and in consideration of the mutual covenants and undertakings set forth herein, it is agreed between BIZCOMP and HAYES as follows:

ARTICLE I

DEFINITIONS.

Section 1. The term "Licensed Patent" shall mean United States Letters Patent No. 4,387,440, entitled "MODEM CONTROL DEVICE CODE MULTIPLEXING", issued June 7, 1983, naming Michael D. Eaton as inventor, and any extensions or reissues thereof.

Section 2. The term "Licensed Product" as used herein shall mean any device which embodies an invention covered by one or more claims of the Licensed Patent in force at the time of the manufacture, use, sale, lease or other disposition of such device.

Section 3. The term "Subsidiary" shall mean any corporation or other kind of business organization of which HAYES now or hereafter has direct or indirect ownership or control.

ARTICLE II

LICENSE GRANT, RELEASE AND WARRANTY.

Section 1. BIZCOMP hereby grants to HAYES and its Subsidiaries, a non-exclusive license under the Licensed Patent to make, have made for it, use, sell, lease or otherwise dispose of Licensed Products for the term and on the terms and conditions hereinafter set forth.

Section 2. Nothing contained herein shall be construed either expressly or by implication as granting rights to or under any patent other than the Licensed Patent, nor as a

warranty or guarantee that the Licensed Product does not infringe a patent or other proprietary right of a third party.

Section 3. BIZCOMP hereby releases HAYES from any and all claims that BIZCOMP has or may have against HAYES for infringement of the Licensed Patent from the date of the issuance thereof to the present.

Section 4. BIZCOMP warrants its title to the Licensed Patent and its authority to enter into this License Agreement.

ARTICLE III

PARTIAL CONSIDERATION.

Section 1. In partial consideration of BIZCOMP providing HAYES with more favorable license terms relative to the License Patent than BIZCOMP intends to offer to others, HAYES has taken steps satisfactory to BIZCOMP to dismiss with prejudice the HAYES opposition in the United States Patent and Trademark Office to the registration by BIZCOMP of the mark "INTELLIGENT MODEM", and hereby agrees not to institute any other action having as a purpose interference with either the use or the right of BIZCOMP in the mark "INTELLIGENT MODEM".

Section 2. HAYES further agrees that upon request by BIZCOMP and at the expense of BIZCOMP, HAYES shall, and shall cause its President Dennis C. Hayes to, reasonably cooperate with BIZCOMP in efforts to publicize the granting of the patent license to HAYES by participating in the issuance of a joint press release with BIZCOMP, in order to facilitate the licensing by BIZCOMP of others. BIZCOMP is hereby granted a license by HAYES to use the HAYES name and logo in such press release; provided, however, BIZCOMP agrees that HAYES shall have a right

of prior written approval of the form and substance of such press release and of such use of the HAYES name and logo, which approval shall not be unreasonably withheld or delayed by HAYES.

ARTICLE IV

FINANCIAL CONSIDERATION.

Section 1. HAYES shall make the following payments to BIZCOMP totalling Two Million and no/100 ($2,000,000.00) Dollars: at the time of executing this Agreement, the sum of Four Hundred Fifty Thousand and no/100 ($450,000.00) Dollars; on the last day of December 1983, the sum of Two Hundred Thousand and no/100 ($200,000.00) Dollars; on the last day of March 1984, the sum of Two Hundred Thousand and no/100 ($200,000.00) Dollars; on the last day of June 1984, the sum of Two Hundred Eighty Thousand and no/100 ($280,000.00) Dollars; on the last day of September 1984, the sum of Two Hundred Eighty Thousand and no/100 ($280,000.00) Dollars; on the last day of December 1984, the sum of Two Hundred Eighty Thousand and no/100 ($280,000.00) Dollars; on the last day of March, 1985, the sum of Three Hundred Ten Thousand and no/100 ($310,000.00) Dollars.

ARTICLE V

TERM AND TERMINATION.

Section 1. This Agreement shall remain in full force and effect, unless otherwise terminated in accordance with its terms from the date first above written until the final expiration of the Licensed Patent or any extension or reissue thereof.

Section 2. Should the Licensed Patent be held invalid by a court, arbitration or administrative agency decision which cannot be appealed or as to which the time for appeal has expired without an appeal being taken, HAYES shall have the option to terminate this Agreement and make no payment to BIZCOMP not already accrued under Article IV. Such termination, however, shall not entitle HAYES to recoupment of any payment made or accrued under Article IV.

Section 3. If either party shall fail to observe or perform any covenant of this Agreement or shall commit any breach of any covenant or agreement herein contained, or violate any of its obligations or shall at any time default in making any payments hereunder, the other party may give written notice thereof specifying the same in reasonable detail and if the defaulting party shall not within thirty (30) days of such notice cure, correct or make good the same, this Agreement shall, at the option of the non-breaching party, terminate at the end of such thirty (30) day period. In the event a provision of this Agreement is in breach by one party, any obligation or commitment contained herein for the non-breaching party shall be stayed until such time as the breach is cured, corrected or made good.

Section 4. Should HAYES at any time prior to satisfying all of the payment requirements of Article IV hereof, become insolvent or make any assignment for the benefit of creditors, this Agreement shall thereupon automatically terminate and any obligations of BIZCOMP hereunder shall cease forthwith.

Section 5. Should HAYES at any time prior to satisfying all of the payment requirements of Article IV hereof, file for or commence proceedings in Bankruptcy under the

Bankruptcy Proceedings of the United States of America or any State thereof (other than as a creditor or other party proceeding against a debtor in bankruptcy), this Agreement shall thereupon automatically terminate and any obligations of BIZCOMP hereunder shall cease forthwith.

Section 6. Should HAYES at any time prior to satisfying all of the payment requirements of Article IV hereof, have filed against it any involuntary Bankruptcy proceeding or should a receiver or trustee be appointed for the property of HAYES, and within sixty (60) days such bankruptcy proceeding is not dismissed or the appointment of such receiver or trustee is not terminated, then at the end of such sixty (60) days, this Agreement shall terminate and any obligations of BIZCOMP hereunder shall cease forthwith.

Section 7. Termination or cancellation of this Agreement in accordance with its terms or for any other reason shall not be construed (a) to release either party from any obligation accrued or matured prior to the effective date of such termination, (b) require any repayment of any sum made or accrued while this Agreement is in effect, nor (c) affect any other rights or remedies either party might otherwise have. No failure or delay on the part of either party in exercising either its rights of termination or any other remedy it might have for any one or more defaults or breaches shall be construed as prejudicing its rights of termination or any other remedy it may have for any other or subsequent default or breach. Upon termination of this Agreement for whatever reason, HAYES shall have the right to complete all work it then has in process and to fill all orders it then has accepted.

ARTICLE VI

PATENT CONSTRUCTION.

Section 1. If a judgment, decree or award is entered in any legal proceeding (including without limitation, an arbitration proceeding) construing the validity or scope of any claim or claims of the Licensed Patent, which judgment, decree or award becomes irrevocable, the construction placed upon such claim or claims by such irrevocable judgment, decree or award shall thereafter be followed as to such claim or claims, and as to all claims to which such construction applies with respect to acts occurring thereafter. If such an irrevocable judgment, decree or award should hold any claim invalid, no payments shall thereafter be payable hereunder with respect to such invalid claim or to any broader claim to which said irrevocable judgment, decree or award may be applicable, and any claim held to be restricted in scope and other claims to which the holding is applicable shall be given the constructions specified by such irrevocable judgment, decree or award for the purpose of determining whether payments are payable by HAYES to BIZCOMP under this Agreement.

ARTICLE VII

ASSIGNMENT.

Section 1. HAYES shall not assign or otherwise transfer this Agreement or the license granted hereunder, by operation of law or otherwise, without the prior written consent of BIZCOMP, except as a part of a transfer of its full business relating to the manufacture and sale of devices which embody the Licensed Patent. Any attempted assignment or transfer in violation of this paragraph shall be null and void. Should HAYES attempt such assignment or transfer, BIZCOMP shall have the right to terminate this Agreement by giving HAYES written notice of such termi-

nation within thirty (30) days after learning of the attempted assignment or transfer.

ARTICLE VIII

PATENT NON-ASSERTION.

Section 1. BIZCOMP agrees not to assert a claim of patent infringement against any of the customers of HAYES arising by reason of HAYES manufacture, causing to be manufactured for it, use, sale, leasing or other disposition of the Licensed Products during the life of this Agreement, as long as HAYES is fulfilling its payment obligations described in Article IV hereof in accordance with the provisions of this Agreement.

ARTICLE IX

VALIDITY OF LICENSED PATENT.

Notwithstanding any other provisions of this Agreement, including without limitation Section 1 of Article IV and Sections 2 and 7 of Article V, the following Section 1 and Section 2 shall be controlling:

Section 1. Within thirty (30) days of the service on BIZCOMP or an attorney for BIZCOMP of a pleading placing before any court of competent subject matter jurisdiction a challenge to the validity of any of the claims of the Licensed Patent or within thirty (30) days of the filing of a request for reexamination of the Licensed Patent, BIZCOMP shall give HAYES notice of and a copy of such pleading or request, together with a complete identification of the action in which such pleading or request was filed, and should such challenge result in a decision that all claims of the Licensed Patent are invalid, HAYES shall thereafter have the right to pay all subsequent payments required under Article IV hereof, as they come due, to an escrow

agent selected by BIZCOMP and approved by HAYES, until the decision of invalidity is reversed on appeal or the time for appeal has expired with no appeal having been taken, with the amounts paid into such escrow account to be paid over to BIZCOMP upon a final reversal of such decision of invalidity or to be returned to HAYES upon a final affirmance of such holding of invalidity or upon expiration of the time for appeal with no appeal having been taken. The escrow agent shall invest such payments in an interest bearing account and all accrued interest thereon shall be paid to the party hereto which ultimately is paid the amounts paid into escrow by HAYES as described herein.

Section 2. Within thirty (30) days of the initiation of an arbitration proceeding in which the validity of any of the claims of the Licensed Patent is disputed, BIZCOMP shall give HAYES notice of such proceeding and a copy of the notice, demand, agreement to arbitrate or other paper initiating the arbitration. Thereafter, BIZCOMP shall, within ten (10) days of the service or sending thereof, give HAYES a copy of every paper served on the arbitrator or sent by the arbitrator which corresponds to a pleading, motion, brief, or order in a law suit; and within ten (10) days of the arbitrator's award, BIZCOMP shall give HAYES a copy thereof. If the arbitrator's award hold all of the claims of the patent invalid, HAYES shall thereafter have the right to pay all subsequent payments required by Article IV hereof, as they come due, to an escrow agent selected by BIZCOMP and approved by HAYES, until the award is reversed on appeal or the time for appeal has expired with no appeal having been taken, with the escrow payment to be paid over to BIZCOMP upon a final reversal of such award or to be returned to HAYES upon a final affirmance of such award or upon expiration for the time for appeal with no appeal having been taken. The escrow agent

shall invest such payments in an interest bearing account and all accrued interest thereon shall be paid to the party hereto which ultimately is paid the amounts paid into escrow by HAYES as described herein.

ARTICLE X

MARKING.

Section 1. HAYES shall mark all Licensed Products or the exterior of the packaging in which the Licensed Products are shipped by HAYES as follows: "Licensed under BIZCOMP U.S. Patent No. 4,387,440" or an equivalent patent marking approved by BIZCOMP.

ARTICLE XI

NOTICES.

Section 1. Any notice, paper, report or payment to be sent hereunder shall be hand delivered or sent by United States certified mail, return receipt requested, to the address designated below, or to such other address either party may designate for itself by formal notice to the other:

BIZCOMP:

Business Computer Corporation
532 Weddell Drive
Sunnyvale, California 94089
Attn: Michael D. Eaton, President

HAYES:

Hayes Microcomputer Products, Inc.
5923 Peachtree Industrial Boulevard
Norcross, Georgia 30092
Attn: Dennis C. Hayes, President

Any notice sent hereunder by United States certified mail, return receipt requested, to the address designated above, or to such other address either party may designate for itself by formal notice to the other, shall be deemed to have been given three (3) days after the date of deposit in the United States Mail.

ARTICLE XII

LAW.

Section 1. This Agreement and the rights and obligations hereunder shall be construed and governed by the laws of the State of California.

ARTICLE XIII

ARBITRATION.

Section 1. Any controversy, claim or question arising out of, because of, or relating to this Agreement, its terms or their construction, or the breach thereof, shall be settled by arbitration in accordance with the Patent Arbitration Rules of the American Arbitration Association, to the extent the same is not covered by an optional remedy set forth in this Agreement elected by the alleged injured party, with the losing party paying all costs of the arbitration. The arbitration shall be held in Palo Alto, California. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

ARTICLE XIV

SUCCESSORS.

Section 1. This Agreement shall be binding upon, and enure to the benefit of, the permitted heirs, assigns, successors and personal representatives of the parties hereto.

ARTICLE XV

ENFORCEMENT.

Section 1. In the event it becomes necessary for either party to resort to legal actions against the other party to collect any sums due hereunder or otherwise to enforce the terms of this Agreement, the parties agree that the successful party in any such legal action shall be entitled to all of its costs associated with such legal action, including attorneys' fees, from the other party.

ARTICLE XVI

ENTIRE AGREEMENT.

Section 1. This Agreement states the entire agreement of the parties and all representations and negotiations are merged herein. No modification or amendments to this Agreement shall be binding unless in writing and signed by the party to be charged therewith.

ARTICLE XVII

MISCELLANEOUS.

Section 1. Neither party hereto shall be liable to the other for any indirect, special or consequential damages; nor be responsible for delays or failures in performance resulting from acts beyond its control. Headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement. If any provision of this Agreement is determined to be invalid or unenforceable, the remaining provisions in this Agreement shall not be affected thereby and shall be binding upon the parties hereto and shall be enforceable as though such invalid or unenforceable provision was never contained herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BUSINESS COMPUTER
CORPORATION

By: MICHAEL D. EATON
Michael D. Eaton, President

HAYES MICROCOMPUTER
PRODUCTS, INC.

By: DENNIS C. HAYES
Dennis C. Hayes, President

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CERTIFICATE OF SERVICE

I, LELAND W. HUTCHINSON, a member of the Bar of this Court, hereby certify that on this 16th day of December, 1988, three copies of the RESPONDENT'S MOTION FOR ATTORNEYS' FEES AND COSTS in the above entitled case were mailed, first class postage prepaid, to the following counsel for petitioner:

GEORGE C. LIMBACH
RONALD L. YIN
LIMBACH, LIMBACH & SUTTON
2001 Ferry Building
San Francisco, CA 94111

I further certify that all parties required to be served have been served.

LELAND W. HUTCHINSON, JR.
Leland W. Hutchinson, Jr.
Freeborn & Peters
11 South LaSalle Street
Suite 1500
Chicago, Illinois 60603
(312) 750-9500
Counsel for Respondent